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C Y FOUNDATION GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1182)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

On 27 August 2010, the Vendor, being a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire the Property at a consideration of HK\$70,924,800. On 17 September 2010, the Formal Agreement in respect of the Disposal has been entered into between the Vendor and the Purchaser.

As the applicable Percentage Ratios of the Disposal under the Listing Rules exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

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THE PROVISIONAL AGREEMENT AND THE FORMAL AGREEMENT

Date : 27 August 2010 for the Provisional Agreement;
and 17 September 2010 for the Formal Agreement

Vendor : Sino Joy Holdings Limited, a wholly-owned
subsidiary of the Company

Purchaser : Sun Rich Global Holdings Limited

Property : Units 1701 and 1702, 17th Floor, The Sun's Group
Centre, No. 200 Gloucester Road, Wanchai, Hong
Kong

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a company incorporated in Hong Kong with limited liability, which is principally engaged in the business of trading, and the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE PROPERTY

The Property is an office unit located at Units 1701 and 1702, 17th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong, which is a premises for commercial use and has a gross floor and saleable area of approximately 7,388 sq. feet and 5,468 sq. feet respectively. The Property was acquired through the acquisition of Mansion Gains Holdings Limited by the Group in October 2007 at a cost of HK\$53,500,000. The net book value of the Property as at 31 March 2010 was approximately HK\$52,910,000. Since the acquisition of the Property in 2007, the main part of the Property has been used by the Group as office in Hong Kong and a small portion of the Property has been leased for rental purpose. Both the net loss before and after taxation and extraordinary items attributable to the Property was HK\$1,838,192 based on the audited financial statement of the Company for the year ended 31 March 2009 and both the net loss before and after taxation and extraordinary items attributable to the Property was HK\$1,772,422 based on the unaudited financial statement of the Company for the year ended 31 March 2010. Pursuant to the Provisional Agreement and the Formal Agreement, the Vendor is required to deliver vacant possession upon Completion. The Company intends to look for an appropriate premises for office use by the Group on or before Completion.

CONSIDERATION AND PAYMENT TERMS

The consideration for the Property is HK\$70,924,800 which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the sum of HK\$3,500,000 has been paid by the Purchaser upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$3,592,480 has been paid by the Purchaser upon signing of the Formal Agreement on 17 September 2010; and
- (c) the balance of the consideration of HK\$63,832,320 shall be paid by the Purchaser upon Completion on or before 28 December 2010.

The consideration for the Property, representing approximately HK\$9,600 per sq. feet of gross floor area or approximately HK\$12,970 per sq. feet of saleable area, has been determined after arm's length negotiations between parties to the Provisional Agreement on normal commercial terms after having taken into account the market prices of comparable properties of similar size, character and location.

COMPLETION

Completion shall take place on or before 28 December 2010. The Vendor shall deliver vacant possession of the Property to the Purchaser upon Completion.

REASONS FOR THE DISPOSAL

The principal activities of the Group are acting as an interactive media entertainment company focused on providing quality entertainment across the PRC. The Group is also principally engaged in manufacturing and sale of packaging products as well as watch trading respectively.

Having considered the recent property market condition and the consideration for the Property offered by the Purchaser, the Directors consider that it is in the interest of the Company and its shareholders to dispose of the Property capitalising on favourable market conditions to realise capital gain and enhance the working capital of the Group.

The Board considers that the Provisional Agreement and the Formal Agreement are entered into under normal commercial terms following arm's length negotiations between the Group and the Purchaser and that the terms of the Provisional Agreement and the Formal Agreement are fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

It is estimated that, upon Completion, the Group will record an expected gain on Disposal of approximately HK\$17,477,800. Such gain is estimated based on consideration receivable of HK\$70,924,800 from the Disposal less the net book value of the Property of approximately of HK\$52,910,000 as at 31 March 2010 and the estimated direct transaction costs of approximately HK\$567,000 in relation to the Disposal.

The Board intends to use the net proceeds arising from the Disposal as general working capital of the Group.

LISTING RULES IMPLICATION

As the applicable Percentage Ratios of the Disposal under the Listing Rules exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and subject to announcement requirement.

TAKEOVERS CODE IMPLICATION

Pursuant to Rule 4(c) of the Takeovers Code, an offeree company must not without shareholders' approval at the general meeting sell, dispose or acquire assets of a material amount, which would result in an offer being frustrated unless a waiver has been obtained from the Executive. As the Disposal constitutes a discloseable transaction, pursuant to Note 6 to Rule 4 of the Takeovers Code, the Disposal falls into a transaction under Rule 4(c) of the Takeovers Code. After obtaining the consent on the Disposal from the potential offeror, Ms YUNG Leonora, a waiver application has been made by the Company to the Executive for holding such a general meeting to approve the Disposal according to Note 1 to Rule 4 of the Takeovers Code. The Executive has indicated that such waiver will be granted to the Company.

Trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 31 August 2010 and will remain suspended until further notice.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Formal Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Property by the Vendor subject and upon the terms and conditions of the Formal Agreement
“Formal Agreement”	the formal sale and purchase agreement entered into by the Vendor and the Purchaser dated 17 September 2010 in respect of the Disposal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction

“Property”	Units 1701 and 1702, 17 th Floor, The Sun’s Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase of the Property dated 27 August 2010 entered into between the Vendor and the Purchaser
“Purchaser”	Sun Rich Global Holdings Limited, an independent third party, the purchaser of the Property under the Provisional Agreement and the Formal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“Vendor”	Sino Joy Holdings Limited, a wholly-owned subsidiary of the Company and the beneficial owner of the Property
“sq. feet”	square feet

On behalf of the Board
Woelm Samuel
Executive Director

Hong Kong, 17 September 2010

As at the date hereof, the executive directors of the Company are Mr CHENG Chee Tock Theodore (Chairman), Mr WOELM Samuel, Mr WU Chuang John, Mr CAO Dongxin, Mr HO Chi Chung Joseph, Mr YU Ping, Mr ZHANG Yiwei, Mr TANG Ming and Mr HU Xichang; and the independent non-executive directors are Mr WANG Shanchuan, Mr NG Pui Lung and Mr FUNG Pui Cheung Eugene

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.